

INDUSTRY UPDATE

Biweekly Period Ending March 10, 2001

Phoenix Metro Area

Manufacturing

The national **economic slowdown** is having a **negative effect**, to say the least, on operations at a number of Valley businesses, particularly **high-tech companies** involved in the semiconductor industry. Within the last two weeks, more than a **half-dozen firms announced layoffs or elimination of positions** at Phoenix-area facilities. **SpeedFam-IPEC**, which makes equipment used to “polish” chips, **laid off almost 225 workers**, or 18 percent of its Chandler workforce. Chandler-based **Microchip cut 400 jobs** worldwide, and 200 at its Valley plants. Phoenix-based **On Semiconductor**, which operates the former Motorola plant at 52nd Street and McDowell Road, is **eliminating 300 jobs**, primarily administrative and support positions. **Motorola** itself announced it was **cutting 4,000 semiconductor jobs** globally, with an undetermined number of people affected at plants in Chandler, Mesa, and Tempe.* **Intel Corp.** also announced it was **eliminating 5,000 positions** worldwide — primarily through attrition — but its decision would not affect work on a new fabrication plant under construction in Chandler. In addition, in early March telephone giant **WorldCom Corp.** announced it was **closing its MCI technical-support center** in Chandler, **eliminating 400 to 500 jobs**; Chandler-based **Durel Corp.**, which makes electroluminescent lighting for high-tech products (e.g., cell phones), said it had already **laid off about 50** Valley workers; **TRW** has **laid off 35 workers** at its Mesa air-bag facility due to slowing vehicle sales; and in January, **Innovex**, a producer of high-tech circuits, said it was **closing its Chandler fa-**

cilities, affecting **260 workers**. (* *Note: Motorola Corp. has announced several rounds of layoffs totaling 16,000 workers worldwide — including 7,000 reported on March 13 — but only the semiconductor cuts are expected to directly affect Valley operations.*)

Citing six years of losses — not current economic conditions — Phoenix-based **Simula Inc.** is **laying off 60 workers** worldwide, **including 36** at its **Tempe operations** and **six** at a **research and development facility in Sedona** that will be closed. Simula, which employs 800 worldwide and 450 in the Valley, makes vehicle- and body-safety equipment (e.g. side-impact air bags, bulletproof vests).

Phoenix-based **Gemtek Products LLC**, known for its environmentally safe industrial and commercial cleaning products, wants to **expand into the consumer market** by expanding its Valley operations, **creating more than 150 new jobs** over the **next five years**. Gemtek, which has six other factories in two states and three countries that serve its industrial and commercial clients, wants to **base its western U.S. and South American consumer operations in Phoenix**. Currently, the privately held company employs about 40 people at its Phoenix corporate headquarters. Gemtek plans to use Phoenix and eight other cities as test markets for its new line of consumer products, which include detergent, shampoo, and home cleaners.

Construction

Work will begin this month **in Surprise** on a **spring training home** for the **Kansas City Royals** and **Texas Rangers**. The baseball complex, expected to open next February, will be the **first part** of a 20-year, **850-acre development project** that also includes a

\$23 million civic center, which will feature a city hall, library, recreation center, and performance-arts center; and 510 acres for commercial and retail projects. Once a small agricultural town in the northwest Valley, **Surprise** now has **45,000 residents** and is expected to grow to a population of 320,000 by 2020.

Houston-based **Hines Corp.** has purchased 18 acres near the Pima Freeway (Loop 101) and Bell Road, where it plans to **build three office buildings** with a total of 300,000 square feet of space. Hines is expected to **start work in September** on the **first phase** of the project — a 100,000-square-foot building for a major unnamed company. Hines' previous Valley work includes an office and retail complex at 24th Street and Camelback Road.

Trade

Target Stores has started work on a **1.6 million-square-foot distribution center** in **west Phoenix** to service about 100 stores in Arizona, and southern parts of Nevada and California. With an expected **completion date of June 2002**, the massive L-shaped facility at 7101 W. Van Buren St. will **employ 900 workers**. In addition to the warehouse, Target will **open** a 135,000-square-foot **store at The Summit at Scottsdale** (Dove Valley and Scottsdale roads) **in July**, and plans to **build** a 142,000-square-foot **Target Greatland** as part of the **Desert Ridge Marketplace**, Tatum Boulevard and Loop 101. Also, Target plans to buy 35 Wards stores nationwide, including two in Arizona, where Wards operated in the Phoenix and Tucson metro areas. No specific locations have been named.

Services

An up-and-coming Phoenix-based provider of computer-training courses inked **two major deals in February**. **KnowledgeNet.com**, which **added more than 250 positions in 2000**, agreed last month to become the **exclusive Internet certification trainer for**

EMC data storage products and partner with a Maryland company to **provide training** — for companies such as Cisco Systems and Microsoft — at **more than 100 community colleges** nationwide. The deal with EMC, the largest provider of data storage products, involves offering 175 courses to hundreds of thousands of EMC customers, systems integrators, and resellers. A partnership with I/Tech Services Inc. gives KnowledgeNet.com, which primarily has focused on corporate clients, access to the educational market.

Tucson Metro Area

Trade

Safeway Food and Drug has **bought seven ABCO Desert Markets** in the Tucson metro area that will **reopen** as Safeway stores in **early April**. Safeway bought the stores from Dallas-based Fleming Cos., a food distributor, which has been trying to sell the unprofitable 57-store chain (including 17 in Tucson MA) for more than a year. **Each store will employ about 75 workers**, with preference given to former ABCO workers. Two of the remaining 10 stores will shut down, while no decision has been made about eight locations.

Pima County is considering **"big-box" store regulations** similar to those enacted by the city of Tucson in 1999. The Pima County Board of Supervisors voted to send an ordinance to the Planning and Zoning Commission that would put **restrictions on stores larger than 100,000 square feet** in order to limit the impact on neighborhoods. The county wanted its own ordinance to prevent retailers, such as Wal-Mart and Target, from "getting around" Tucson's law by locating "big-box" stores in the county.

Work will begin in two to three months on the **remodeling of the El Con Mall**, which will **become the Plazas at El Con**. As part of the **three- to five-year project**, a **Home Depot** is expected to **open in May** on the northeast corner of the mall. A 35,000-

square-foot gourmet food store (i.e., Trader Joe's) is also part of the transformation, which will include outdoor dining, several plazas with small stores, and express government offices. Dillard's and Robinson's-May will remain at the mall, while the fate of a former Wards store is unknown.

Balance of State

Mining

After years of complaints by local Indian tribes, the **White Vulcan Pumice Mine closed** March 1. **Tufflite Mining Company** ran the 15-year-old mine, which employed about 15 people, on the northeastern part of San Francisco Peaks. Congress paid the company \$1 million to stop mining and relinquish 49 other claims on the mountain, which is considered sacred by the tribes.

Construction

Ground has been **broken** on a 200-acre **Secret Pass Golf Club** in Bullhead City, east of Bullhead Parkway, about 2½ miles south of the Laughlin Bridge. The 18-hole championship course, expected to **open in late 2001**, will be surrounded by an **862-acre development** that will feature **up to 1,800 homes**. Work on the single-family dwellings will begin later this summer.

Despite prayers by nearly 100 protesters at a recent rally, **work on two housing developments** and an **18-hole golf course** overlooking the Boynton and Long canyons in **Sedona** is **expected to proceed**. **NZ Development II L.L.C.** of Phoenix has started grading for the golf course and 300 time-share condominiums on 135 acres in Long Canyon. Adjacent to that project, a 52-lot single-family-home subdivision, called **Canyon del Oro**, is under way. A 37-acre plot of land nearby is also expected to be sold for development.

Trade

Construction will begin in March on a 140,000-square-foot **Home Depot** west of

State Route 95 near the **Lake Havasu City Municipal Airport**. The store, which is expected to **open in September**, will **employ 175 people**. Developer **Airport Centre Properties** is touting the store as the first part of Lake Havasu City's first major shopping mall.

As of mid-January, **two-thirds of Sawmill Crossing's 35,000 square feet** had been **leased**. The **Payson mall**, the town's first, includes **six tenants** and a six-screen theater that has been open since November. Most of the mall's tenants — which includes a bank, toy store, and an ice cream parlor — were expected to **open** for business in **late February**.

Services

Although some of their urban counterparts in Arizona are experiencing financial troubles, **hospitals in three rural areas** of the state are **healthy and thriving**. **Sierra Vista Regional Health Center**, which **employs around 500**, experienced 5.5 percent annual growth in admissions last year and a 23 percent growth in outpatient services. The hospital, which had net revenue of \$42 million in 2000, will be **opening** a \$1.5 million **diagnostic cardiac catheterization** unit in the near future, eliminating the need for patients to travel to Tucson. In the northwest part of the state, **Kingman Regional Medical Center** saw its emergency room visits rise by 7.3 percent over the past six months, but was able to keep up with demand. In addition, not long after adding a number of new facilities (medical professional center, outpatient radiology clinic), the hospital is **adding 70 beds** to its second and third floors. **Completion** of the \$23 million project is **expected in the fall**. Down the road about 75 miles, **work has begun** on the final phase of **Lake Havasu Regional Medical Center's** \$30 million **expansion**. A **three-story addition** that will include **30 new beds** is expected to be completed in November. Although no specific announcements about job growth were made with news of these hospitals' in-

creased traffic and expansions, **additional hospital personnel are needed**. On its web site, www.azkrmc.com, the **Kingman hospital listed** a number of medical and technical positions, with \$4,000 in relocation expenses in some instances (call toll free at 1-800-678-3884). On the Lake Havasu City site, www.havasuregional.com, about **40 openings** (primarily medical and maintenance) are currently listed (call toll free 1-800-514-9451). And **Sierra Vista's medical center's** Internet site, svrhc.org, shows about **15 full-time positions** that are currently unfilled (call toll free in Arizona, 1-800-880-0088, or 520-458-4641).

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